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DEPARTMENT OF STATE INSTRUCTION

162

CONFIDENTIAL SECURITY INFORMATION
(Security Classification)

FOR DC USE ONLY

NO.: CA- 1190 September 2, 1953

SUBJECT: Drought Conditions in Libya.

DEPARTMENT OF STATE A/CDC/MR 162
REVIEWED BY J.M. Razi DATE May 6, 1982
FOR XDS EXT. DATE
TS AUTH. REASON(S)
DECLASSIFY
RELEASE DENY
PA or FOI EXEMPTIONS

TO: The American Legation, TRIPOLI.

RPT INFO: Benghazi, Libya.

The reported drought conditions this year in Libya raises a question in FOA and the Department of the possibility of a grain shortage which would warrant consideration of shipments of "surplus" U.S. grain to Libya under Section 550 of the 1954 Mutual Security Act.

Section 550 of the act provides that of the mutual security appropriations for fiscal 1954 not less than $100 million and not more than $250 million should be used, directly or indirectly, to buy U.S. surplus agricultural commodities. It is to be noted that agricultural commodities provided (sold) under this section should not displace or substitute for the "usual marketing of U.S. or friendly countries" to the recipient country. The commodity would be sold to the country for local currency and, to the extent practicable, at maximum market price. Local currency funds thus received would be put into a special U.S. account [illegible] used in specified ways, with particular regard being given to use for military assistance, loans for increased production of items including strategic materials, grants to increase production for domestic needs, and purchases of materials needed for stockpile in the U.S., and goods or services that could be used for assistance to third countries.

The Department would like to have in hand the Legation's views concerning the seriousness of the drought in terms of production in relation to the normal harvest and to local requirements, and, in the event an appreciable shortage is indicated, an estimate of the amount of wheat or corn which could be absorbed during the fiscal year at market prices without displacing or substituting for the "usual marketing of the U.S. or friendly countries." ~~Other questions include, at what price could these commodities be sold, and what would be the cost of shipping grains to Libya?~~ To the extent such sales of surplus U.S. agricultural products qualify under the Mutual Security

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Security Act and are acceptable to the recipient country, they constitute a means of generating local currency to meet the local expenses of FOA technical assistance and/general economic development projects.

approved

At this stage we do not want to arouse the interest of the local governments in the possibility of receiving aid under Section 550 and therefore, the Legation should treat this request confidentially.

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